

VZCZCXRO4698
PP RUEHBC RUEHDE RUEHDH RUEHKUK RUEHROV
DE RUEHTRO #0706/01 2430717
ZNY CCCCC ZZH
P R 310717Z AUG 09
FM AMEMBASSY TRIPOLI
TO RUEHC/SECSTATE WASHDC PRIORITY 5214
INFO RUEHEE/ARAB LEAGUE COLLECTIVE
RUEHLO/AMEMBASSY LONDON 1153
RUEHFR/AMEMBASSY PARIS 0825
RUEHRO/AMEMBASSY ROME 0594
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHVT/AMEMBASSY VALLETTA 0437
RUEHUL/AMEMBASSY SEOUL 0013
RUEHTRO/AMEMBASSY TRIPOLI 5758

C O N F I D E N T I A L SECTION 01 OF 02 TRIPOLI 000706

SIPDIS

STATE FOR NEA/MAG; STATE PLEASE PASS USTR FOR PAUL BURKHEAD;
COMMERCE FOR NATE MASON

E.O. 12958: DECL: 8/31/2019

TAGS: [ECON](#) [EAGR](#) [EPET](#) [EFIN](#) [PGOV](#) [ETRD](#) [LY](#)

SUBJECT: CHEVROLET SURVIVES LIBYA'S REGULATORY GAUNTLET

REF: TRIPOLI 618

TRIPOLI 00000706 001.2 OF 002

CLASSIFIED BY: Joan Polaschik, Charge d'Affaires, U.S. Embassy
Tripoli, Department of State.

REASON: 1.4 (b), (d)

11. (C) Summary: Marwan Muntasser, the Chairman of the Libyan company with exclusive rights to import Chevrolet and General Motors vehicles into the country described to Econoff August 12 the process by which he was able to avoid a forced closure of his dealership by the Government of Libya (GOL). Muntasser claimed that the GOL's reasoning was based on inaccurate information about his business and appreciated the GOL's willingness to reverse a decision based on financial and legal data. Muntasser also confirmed that the GOL had shut down the Jordanian-owned Ford dealership based on a law that prohibits foreign ownership of distributorships and dealerships (reftel). End Summary

12. (C) Marwan Muntasser, chairman of the Libyan firm that holds the exclusive rights to import Chevrolet and General Motors vehicles into Libya, told Econoff August 12 that he was summoned by Mohammed al-Hweij, Minister-equivalent of Economy, to a meeting the week of August 2 in order to discuss GOL plans to shut down the dealership. The reason, according to al-Hweij, was that the dealership was not 100-percent Libyan-owned, a requirement for all dealerships in Libya (reftel). [Note: The GOL imposed a ban on the import of GM vehicles at the end of July on the same charges. End note.] Muntasser said that al-Hweij also believed the dealership's sales were almost twice as high as the firm's actual sales figures. Whereas Muntasser's sales figures proved that he had sold 14,000 units in 2006, al-Hweij believed that the actual figure was nearly double that amount.

13. (C) In response to al-Hweij's accusations, Muntasser provided documentation proving that his company was 100-percent Libyan owned, as well as financial accounts data that demonstrated the firm's actual imports and sales in Libya. According to Muntasser, al-Hweij backed down on the threats to shut down the dealership shortly after the meeting and after reviewing the legal and financial documentation provided by Muntasser. Muntasser commented to Econoff that he believed al-Hweij's confusion stemmed from the fact that his company is partially financed by investors in the UAE.

BACKGROUND ON GM/CHEVROLET DEALERSHIP IN LIBYA

¶4. (C) The GM/Chevrolet dealership imports vehicles mainly for 15 buyers who resell the vehicles directly to customers. According to Muntasser, most of the vehicles are produced in Korea in former Daewoo factories that were bought out by GM; thus, prices have remained fairly low, and the cars are affordable to the average Libyan citizen. GM will honor warranties on cars sold by Muntasser, even if the cars have been resold. Muntasser emphasized that his business is not a retail business, as he does not offer car loans or payment plans to individual customers due to Libya's complicated financial and banking rules. Muntasser describes his sales as fluctuating due to the relatively small size of the market - whereas he sold 8,000 vehicles in 2007, he sold 21,000 units in 2008. Muntasser has sold 12,000 units thus far in 2009.

FORD DEALERSHIP SHUT DOWN

¶5. (C) Muntasser confirmed local rumors that the Ford dealership in Tripoli closed a few months ago. The dealership was run by a Jordanian company, in contravention of the 100-percent Libyan ownership requirement. Muntasser commented that the business had not been thriving, due to the dealership's excess mark-up on vehicle prices.

¶6. (C) Bio Note: Marwan Muntasser belongs to the elite Muntasser family, which is well-known in business circles and included a prime minister in pre-revolutionary days. He has lived most of his adult life overseas, mainly in Egypt, and returned to Libya about five years ago. Before opening the GM dealership in 2006, he worked in the informal automobile import sector. He commented that he actually preferred his previous job in Libya (in the informal sector), as he could avoid paying taxes, customs, and other official fees.

¶7. (C) Comment: This latest episode with GM/Chevrolet is yet another example of GOL interference in most aspects of business in Libya. This is especially true of sectors that the government considers to be high-value and profitable, such as the automobile market. Notably, the general manager of

TRIPOLI 00000706 002.2 OF 002

GM/Chevrolet in Libya did not seek the U.S. Embassy's assistance in dealing with the GOL; it may be that Muntasser judged our involvement as possibly counter-productive for political reasons. Muntasser's experience puts into focus the GOL's concern about foreign investors enriching themselves with Libya's wealth. End comment.
POLASCHIK